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113

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

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1. By order of State Secretary Bruno Leuschner, a review of the backlog of coal production for the five-year plan has been prepared. The appendix shows the planned production figures for the five-year plan with 1951 and 1952 production figures and the 1953 target figures.
2. The review shows that the production of hard coal and high temperature coke fell short of the target. Production of crude brown coal and briquettes have exceeded the target up to 1953 and is likely to exceed it in 1953, but will fall short of the 1954-55 targets.
3. Production status of the four types of coal is as follows:
 - a. Hard Coal. The five-year plan target for hard coal has not been reached. One main coal-producing area, Oelsnitz, has met with geological difficulties, and production will steadily decrease. The main pit, Martin-Hoop-Werk, Poeschlau near Zwickau, the other principal coal producing area, is expected to produce 34 percent of the total 1955 target. Delivery of the latest Russian equipment should improve the prospects of balancing the deficit in the five-year plan.
 - b. High temperature coke. There are two reasons why production of high temperature coke has fallen short of the targets:
 - (1) Achievement of the five-year plan goals is dependent on the building of two large coking plants, but only one with 24 ovens is expected to be completed by 1955.
 - (2) When the first ovens began operation in June 1952, it was obvious from research that the technique would have to be changed, which would require reorganization of the whole project. In particular, it was found that twice as many fine-grained briquettes as originally estimated were needed to produce the same amount of coke. Possible

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25 YEAR RE-REVIEW

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- 2 -

25X1

changes in the project affect orders for raw materials which are seldom delivered in time.

For these reasons, production is expected to reach only 500,000 tons in 1953. The target estimate is based on 16 ovens' being in use by 1 August 1953 at the latest, and allows 209,000,000 DM. Ost to be used for development in 1953. In order to guarantee production in 1953 and the target date of the first quarter in 1954, a statement on the requirements for special funds for 1953 is to be made immediately. This shall cover completion and use of all the plant.

- c. Brown coal briquettes. The five-year plan did not envisage the production of dry coal. The need to reduce imports of hard coal by the conversion of furnaces for the use of home-produced fuels led to the development of the dry coal producing plants now under construction in Beuna and Knappenrode. The use of pre-dried crude brown coal helps to reduce the briquette deficit and must be taken into consideration. The deficit can be made up in the following ways:

- (1) By advancing the building program for Werk Regis VVB(Z) BKM Borna in Regis-Breitungen, Krafwerk Sonne in Freidenhufen, and the briquette factory in Trattendorf, so that the extensions would be completed by 1953 instead of 1956. The equipment is expected to be ready for delivery by 1955.
- (2) The remaining backlog of approximately 2,000,000 tons must be made up by using reserves. To this end a board of engineers is to be set up to determine exact inventory and its utilization.

- d. Crude brown coal. The reason for the production backlog of crude brown coal is primarily the slowness in the building program for large equipment caused by lack of steel (St. 52). This is causing considerable delay in the opening up of new mines which cannot be made productive by 1955. To overcome the deficit in 1953, a board of engineers is to inspect the mines for the purpose of increasing the use made of coal and earth clearing equipment. A production increase of at least 15 percent could be made by a reshuffling of equipment and concentrating the comparatively low available funds on the installation of rolling materials.

4. The capital requirements for 1954 and 1955 must be thoroughly examined immediately to allow for the great demands which will be made on the coal industry by 1955. The five-year plan may have to be changed accordingly.

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- 3 -

25X1

APPENDIXEast German Five-Year Plan Coal ProductionFigures

(Quantities are given in 1,000 tons)

1. Hard Coal

<u>Year</u>	<u>Five-Year Plan 1951-55</u>		<u>Remarks on Actual</u>
	<u>Planned</u>	<u>- Actual</u>	<u>Production</u>
1951	3,380	3,203.5	Actual fulfillment
1952	3,250	2,833.5	" "
1953	3,250	2,950	National Economic Plan (Volkswirtschaftsplan)
1954	3,500	3,100	Expected production
1955	3,500	3,300	" "

2. High Temperature Coke

<u>Year</u>	<u>Five-Year Plan 1951-55</u>		<u>Remarks on Actual</u>
	<u>Planned</u>	<u>- Actual</u>	<u>Production</u>
1951	-	-	-
1952	300	20.8	Actual fulfillment
1953	1,300	500	National Economic Plan
1954	1,400	1,150	Expected production
1955	1,400	1,225	" "

3. Brown Coal Briquettes

<u>Year</u>	<u>Planned</u>	<u>Five-Year Plan 1951 - 1955</u>		<u>Remarks on Actual</u>
		<u>Briquettes</u>	<u>- Dry Coal Total</u>	<u>Production</u>
1951	39,600	41,145	- 41,145	Actual fulfillment
1952	41,523	44,234	- 44,234	" "
1953	46,513	47,820	1,050 48,870	National Economic Plan
1954	54,286	51,200	3,100 54,300	Expected production
1955	60,780	52,850	3,350 56,200	" "

Beginning in 1954 the following deficit in briquettes will probably occur:

<u>Year</u>	<u>Without Dry Coal</u>	<u>With Dry Coal</u>
1954	- 3,100	+ 0
1955	- 7,930	- 4,580

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- 4 -

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4. Crude Brown Coal

<u>Year</u>	<u>Planned</u>	<u>Actual</u>	<u>Remarks on Actual Production</u>
1951	145,026	151,252	Actual fulfillment
1952	153,801	158,462	" "
1953	169,137	174,500	National Economic Plan
1954	192,556	187,000	Expected production
1955	225,255	196,200	" "

As far as can be estimated, the following deficits will occur in Five-Year Plan beginning in 1954:

1954	approximately 5,500,000 tons
1955	" 29,000,000 tons

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